

**REMARKS / ARGUMENTS**

Claims 1 through 31 are pending and have been examined. Claims 1, 6, 9, 14 – 19, 21, 23, 24, 26 – 29, and 31 were rejected under 35 U.S.C. 102(e) as being anticipated by U.S. Patent 6,014,745 (“Ashe”). Claims 2, 3, 5, 7, 8, 10 – 13, 14, 20, 22, 25, and 30 were rejected under 35 U.S.C 103(a) as being obvious over Ashe. Claims 4 and 12 were rejected under Section 103(a) as being obvious over Ashe in view of McKinsey, “Protection of Intellectual Property, Law or Technology?” (“McKinsey”).

The Applicant hereby amends claims 1, 6, 9, 15, 21, 24, and 26 to more explicitly claim certain features that were implicitly present in these claims prior to their amendment. The amendments to these claims have not narrowed their scope, nor has any new matter been added.

In view of the Applicant’s claim amendments, and the Remarks / Arguments set forth below, the Applicant respectfully requests reconsideration of the above-described claim rejections.

I. Objections to the Specification

In paragraph 2 of the Office Action, the first page of the Specification was objected to as containing unnecessary language and an incorrect heading. The Applicant has amended the first page of the Specification as suggested by the Examiner, and respectfully requests that the objection to the Specification be withdrawn.

II. Claim Rejections Under Section 102

In paragraphs 3 and 4 of the Office Action, claims 1, 6, 9, 14 – 19, 21, 23, 24, 26 – 29, and 31 were rejected as being anticipated by Ashe. The Applicant respectfully traverses this rejection.

As amended, independent claims 1, 6, 9, 15, 21, 24, and 26 each requires that either an encryption or decryption operation be performed on PIN data *input by the user*, the encryption or decryption operation performed on the user-input PIN data being separate and apart from any such operation performed on non-PIN data.

Ashe simply does not disclose this limitation. In Ashe, the user inputs his unencrypted PIN data to the system using a keyboard. The unencrypted PIN data input by the user is then read by the system and compared with an encrypted key stored in the memory of a smart card. That is to say, in Ashe the system first reads the user input PIN data, then decrypts an encrypted key stored in the smart card. The decrypted key is then compared with the user-input PIN data. Only if there is a match is the transaction allowed to proceed.

In contrast to Ashe, the limitations of the amended independent claims of the present application require that the PIN data input by the user be encrypted or decrypted. These limitations are directed to achieving the unique advantages of the Applicant's invention, which makes it possible to securely transmit both PIN and non-PIN data over a public network such as the Internet.

Since Ashe fails to disclose or suggest the limitations of amended independent claims 1, 6, 9, 15, 21, 24, and 26, the Applicant respectfully requests that the rejection of these claims under Section 102 be withdrawn.

Moreover, claims 14, 16 –19, 23, and 27 – 29 each depends from, and includes all of the limitations of one of the above-mentioned independent claims. Thus, for the same reasons previously stated, claims 14, 16 –19, 23, and 27 – 29 are also not anticipated by Ashe, and their rejection under Section 102 should also be withdrawn.

III. Rejections Under Section 103

In paragraphs 5 and 6 of the Office Action, claims 2, 3, 5, 7, 8, 10 – 13, 14, 20, 22, 25, and 30 were rejected as being obvious over Ashe. In paragraph 7 of the Office Action, claims 4 and 12 were rejected as being obvious over Ashe in view of McKinsey. Reconsideration of these rejections is respectfully requested.

It is axiomatic that to establish a *prima facie* case of obviousness under Section 103, the reference or combination of referenced cited by the Examiner must disclose or suggest each and every limitation of the rejected claims.

However, each of rejected claims 2, 3, 5, 7, 8, 10 – 13, 14, 20, 22, 25, and 30 depends from, and includes all of the limitations of one of amended independent claims 1, 6, 9, 15, 21, 24, and 26. Thus, like the amended independent claims, each of the claims rejected in paragraphs 5 and 6 includes the limitation that user-input PIN data be either encrypted or decrypted. As was stated previously in connection with the Applicant's response to the Examiner's rejection under Section 102, Ashe fails to disclose or suggest performing an encryption or decryption operation on user-input PIN data as required by these claims.

Moreover, the Office Action does not recite any prior art that cures this deficiency in Ashe. The only other reference mentioned in the Office Action is McKinsey, which does not disclose the encryption or decryption of user-input data and was not in fact cited for such purpose.

The Applicant thus respectfully submits that the Office Action does not establish a *prima facie* case of obviousness with respect to claims 2, 3, 4, 5, 7, 8, 10 – 13, 14, 20, 22, 25, and 30, and that thus the rejection of these claims should be withdrawn.

IV. Conclusion

For the reasons set forth above, applicant respectfully submits that this application is now in condition for allowance. Reconsideration and prompt allowance are respectfully requested.

Respectfully submitted,

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